



Irish Life Weekly Investment Bulletin

The week that was – WEEK 40 2018 (ending 05/10/2018)

“Be creative. Men only learnt how to fly when they stopped imitating birds.” – Paulo Coelho

Irish unemployment rate in September falls to 5.4% – Latest figures published by the CSO show the seasonally adjusted unemployment rate for September 2018 was 5.4% (5.1% for females, 5.7% for males and 12.9% for youth). This is compared to revised rate of 5.6% for August 2018 and 6.6% in September 2017.

EC Chief says Brexit deal getting closer – European Commission President Jean-Claude Juncker said "the rapprochement potential between both sides has increased in recent days" after reports that the UK and EU are moving closer on resolution of the challenging issue of the Irish border, before the key summit this month.

Global stock market down 1.5% on the week – The MSCI AC World TR Index showed a -1.51% return from 28th September to 5th October as 10-year U.S. Treasury Bond yields hit 3.25%, their highest rate in over seven years. The Vix (CBOE Volatility Index) closed the week at 14.82, increasing from 12.12 over the week.

U.S. bond yields rise to 2011 levels on rising interest rate concerns – Gung-ho comments on rates by U.S. Federal Reserve Chairman Jerome Powell and very positive payroll data helped drive bond yields up to levels not seen since 2011 which undermined global stock market hopes for more steady rate increases.

U.S. unemployment rate in September hits near 49-year low of 3.7% – In a further sign of the strength of the U.S. economy, the Department of Labor reported that the unemployment rate fell to 3.7% in September, the lowest rate since December 1969. Employment numbers for July and August were also revised upwards.

Italy's coalition government reduces budget deficit targets for 2020 and 2021 – After 'spooking' markets the previous week with a wider-than-expected 2019, 2020 and 2021 budget deficit goal of 2.4%, the government reduced its 2020 target to 2.1% and 1.8% for 2021 in what some saw as a conciliatory measure.

The Story of the week: A 36-year-old Indian bus driver, M Prakash, who let a monkey 'drive' his bus was suspended after a video of the incident went viral, sparking an equal measure of outrage and humour. The driver can be seen smiling and patting the langur monkey approvingly as it sits on top of the steering wheel and helps steer it in the video footage shot by one of the 30 passengers on the bus. A spokesperson for the government's road transport corporation said - "He has been taken off duty for allowing the monkey to sit on the steering wheel and handle it ..."

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 05/10)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	4.4
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-7.0
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-1.5
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-2.2
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	9.5
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	12.8
Nikkei 225	56.7	7.1	9.1	0.4	19.1	4.5
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-8.2
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-1.2
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	3.2
German	1.9	0.5	0.6	0.2	0.4	0.6
UK	3.0	1.9	1.9	1.2	1.2	1.7
Japan	0.7	0.3	0.2	0.0	0.0	0.2
Ireland	3.4	1.3	1.1	0.7	0.7	1.1
Italy	4.1	2.1	1.6	1.8	2.0	3.4
Greece	8.2	9.6	7.9	7.1	4.1	4.4
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.6
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.25
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.15
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.31
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q2)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q2)

*Past performance is not a reliable guide to future performance and may fall as well as rise.